

Message Text

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PAGE 01 VIENNA 02332 251554Z

ACTION IO-13

INFO OCT-01 EUR-12 ISO-00 IOE-00 SSO-00 NSCE-00 USIE-00

INRE-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

LAB-04 SIL-01 OMB-01 AF-08 ARA-06 EA-07 NEA-10

OIC-02 L-03 H-01 ABF-01 /100 W

-----251559Z 104074 /44

O R 251456Z MAR 77

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 1169

INFO USMISSION USUN NEW YORK

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FOR NORRIS

EO 11652: NA

TAGS: UNIDO, OCON, AFIN

SUBJECT: FIFTH SESSION OF THE INTERGOVERNMENTAL COMMITTEE ON THE
UNIDO CONSTITUTION (IGC-V)- BUDGET DEFINITION AND PROCEDURES

REF: A() VIENNA 2199; (B) VIENNA 2176; (C) VIENNA 2048;
(D) VIENNA 2239

1. SUMMARY: U.S. DEL REQUESTS DEPT. REPLY BY CABLE WITH
PRECEDENCE "IMMEDIATE FOR DELIVERY AT OPENING BUSINESS MONDAY,
MARCH 28" IF DEPT. WISHES U.S. DEL TO TAKE POSITIONS OTHER
THAN THOSE U.S. DEL SPECIFICS IN PARAS 7, 8, AND 9 BELOW.
END SUMMARY

2. SINCE REPORTING REFTELS FOLLOWING SIGNIFICANT DEVELOP-

MENTS HAVE TAKEN PLACE IN RESPECT OF BUDGET AND BUDGET PRO-
CEDURES QUESTIONS.

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PAGE 02 VIENNA 02332 251554Z

3. THREE LENGTHLY GO-AROUNDS IN GROUP B COUNTRIES GENERALLY
AROUND VERSION 2 OF SECTION II OF THE PROPOSED ANNEX TO
ARTICLE 10 BIS. (REFTEL D, PARA 2). ON MARCH 24, DURING DISCUSSION
OF ARTICLE 10 BIS IN INFORMAL WORKING PARTY ON THE BUDGET, SPOKESMAN
FOR G-77 (PHILIPPINE AMBASSADOR SIAZON) STATED THAT G-77 GENER-
ALLY PREFERRED VERSION 2 (SEE ALSO REF (A), PARA 2)

AND ASKED WHETHER GROUP B AND D COUNTRIES WOULD INDICATE WHETHER THEY WERE PREPARED TO ACCEPT EITHER VERSION 1 OR VERSION 2 AND IF SO, WHICH OF THESE THEY WOULD BE PREPARED TO GO ALONG WITH. PHILIPPINE REQUEST WAS MADE IN THE LIGHT OF A SECRETARIAT PAPER BEFORE THE WORKING PARTY WHICH CALCULATED THAT THE "RESIDUAL" OF SECTION 15 IN 1976/77 BUDGET TERMS AMOUNTED TO \$1.3 MILLION OR SOME 4.9 PERCENT OF THE UNIDO REGULAR BUDGET FOR THAT PERIOD. THE FOLLOWING GROUP B COUNTRIES THEREUPON STATED THAT THEY WOULD ACCEPT VERSION 2 WITH THE FIGURE OF 5 PERCENT; JAPAN, FRG, AUSTRALIA, UK, FRANCE, SWEDEN, DENMARK, SWITZERLAND, SPAIN, BELGIUM, ITALY, IRELAND, AUSTRIA. U.S. RESERVED POSITION ON GROUNDS THAT PROVISIONS CONCERNING BUDGETARY PROCEDURES THE SIZE AND DISTRIBUTION OF THE BOARD (TENTATIVE AGREEMENT ON THIS QUESTION REPORTED REF (B) HAS NOT YET BEEN ACCEPTED BY G-77), AND VOTING FORMULA STILL REMAINED

TO BE WORKED OUT; AND THAT ALL THESE ISSUES WERE CLOSELY LINKED. (IN ADDITION, U.S. DEL HAD PRIVATELY MADE OFFER TO PHILIPPINE AMBASSADOR (SPOKESMAN OF G-77 ON BUDGET MATTERS) TO GO ALONG WITH ANNUAL APPROPRIATION OF FLAT \$2 MILLION IN UNIDO REGULAR BUDGET TO "REPLACE "RESIDUAL" OF SECTION 15, PROVIDED IT WAS NOT SUBJECT TO "MAINTENANCE OF VALUE" PROVISION, AND WAS AWAITING A REPLY. IN MAKING THIS OFFER, U.S. DEL SUBMITTED ARITHMETIC CALCULATIONS SHOWING THAT WITH AN ASSUMED PROGRAMMING LEVEL OF \$1.3 MILLION IN REPLACEMENT OF THE RESIDUAL OF SECTION 15 AND AN ASSUMED 8 PERCENT INFLATION RATE, WITH CORRESPONDING INTEREST EARNED ON THE ACCUMULATED MONIES, INFLATION WOULD NOT LIMITED OFFICIAL USE

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PAGE 03 VIENNA 02332 251554Z

BEGIN TO AFFECT PROGRAMMING UNTIL THE 12TH YEAR.) AT THIS POINT, ONLY ON PRODDING FROM U.S. DEL DID THE FRG AGAIN SPEAK UP TO SAY THAT THIS ACCEPTANCE OF VERSION 2 WAS ALSO CONTINGENT ON A SATISFACTORY SETTLEMENT OF RELATED ISSUES, A STATEMENT WITH WHICH THE FRENCH THEN ASSOCIATED THEMSELVES.

4. GROUP D STATED THAT THEY COULD ACCEPT NEITHER VERSION AT THIS POINT, BUT THAT THEIR PROBLEM WOULD BE CONSIDERABLY EASED IF IT WERE AGREED THAT THEIR PAYMENTS UNDER THIS ASSESSMENT COULD BE MADE IN INCONVERTIBLE CURRENCIES.

5. AS RESULT OF PROLONGED EXAMINATION IN GROUP B OF PROBLEM OF ARTICLE 11, PARAGRAPH 4(B), AUSTRALIAN AMBASSADOR FURTHER IN HIS CAPACITY AS CHAIRMAN OF THE WORKING GROUP ON BUDGET AND BUDGETARY PROCEDURES HAS CIRCULATED AS REVISED TEXT OF HIS INFORMALLY SUGGESTED TEXT FOR PARA 4(B) AS FOLLOWS: QTE THE CONFERENCE MAY, SUBJECT TO SECTION II,

ANNEX III (TO ARTICLE 10 BIS) MAKE SUCH MODIFICATION AS

IT MAY DEEM NECESSARY IN THE PROGRAM OF WORK WITHIN THE

AMOUNTS OF THE REGULAR BUDGET AND OF THE OPERATIONAL BUDGET ADOPTED BY THE BOARD, AND MAY ALTER THE TOTAL AMOUNT OF THE REGULAR BUDGET TO TAKE ACCOUNT OF 'MAJOR' CURRENCY 'AND/OR PRICE' CHANGES SINCE THE REGULAR BUDGET WAS ADOPTED BY THE BOARD. UNQTE. SUBSEQUENT FURTHER GROUP B DISCUSSION INDICATED THAT LARGE MAJORITY OF GROUP B COUNTRIES ARE PREPARED TO GO ALONG WITH FURLONGER'S LANGUAGE WITH THE BRACKETS REMOVED FROM "MAJOR" AND FROM "AND/OR PRICE". ONLY FRANCE, CANADA AND U.S. MAINTAINED RESERVATION ON LATTER PORTION OF THE TEXT ON GROUNDS THEY WERE OPPOSED TO GIVING THE CONFERENCE ANY POWERS TO CHANGE THE LEVEL OF THE REGULAR BUDGET.

6. SINCE THE ABOVE DEVELOPMENTS WE HAVE BEEN TOLD BY PHILIPPINE AMBASSADOR THAT OUR OFFER TO ACCEPT A FLAT \$2 LIMITED OFFICIAL USE

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PAGE 04 VIENNA 02332 251554Z

MILLION ANNUAL APPROPRIATEIO "WOULD NOT FLY" IN THE G-77 GIVEN THE ACCEPTANCE BY ALMOST ALL GROUP B COUNTRIES OF VERSION 2 OF ARTICLE 10 BIS. ANNEX.

7. COMMENT: GIVEN VIRTUALLY UNANAMOUS ACCEPTANCE BY GROUP B OF VERSION 2 (PROSPECTIVELY FIXED AT 5 PERCENT, ALTHOUGH MANY IN GROUP B ARE SOFT ON THIS FIGURE), U.S. DEL WILL BE PRETTY MUCH ISOLATED, PERHAPS WITH CANADA. (CANADIANS IN GO-AROUND YESTERDAY ON WORKING GROUP ON BUDGET CONFINED THEMSELVES TO ASAYING THAT, IF THEY WERE TO CHOOSE, THEY WOULD PREFER VERSION 2.) AS GROUP B STANDOUTS. THEREFORE, U.S. DEL INTENDS USE DISCRETION GIVEN IN EXISTING INSTRUCTIONS TO STIRKE BEST BARGAIN POSSIBLE ON RELATED ISSUES IN EXCHANGE FOR ACCEPTING VERSION 2 WITH THE LOWEST NEGOTIABLE PERCENTAGE FIGURE. AS FOR GROUP D, REQUEST THAT ASSESSMENTS UNDER THIS ITEM BE PAYABLE IN NON-CONVERTIBLE CURRENCIES, U.S. DEL INTENDS TO OPPOSE ANY SUCH ARRANGEMENT AND, IF NECESSARY, TO ENTER A FORMAL RESERVATION ON THIS POINT.

8. SHOULD QUESTION OF SIZE AND COMPOSITION OF IDB BE REOPENED BY G-77, U.S. DEL WILL BE PREPARED TO AGREE TO BORD OF 54 OR 55 (G-77 ARE TALKING OF ECOSOC FIGURE) PROVIDED THAT PERCENTAGE DISTRIBUTION OF SEATS REMAINS AT 60 PERCENT (G-77) AND 40 PERCENT (GROUPS B AND D). (STRATEGY PAPER,

TAB 1, P. 1). IF THAT DISTRIBUTION IS MAINTAINED, U.S. DEL WILL AGREE THAT VOTING FORMULA QTE TWO-THIRDS MAJORITY OF THE MEMBERS PRESENT AND VOTING UNQTE SHOULD APPLY TO VARIOUS STAGES OF BUDGET-MAKING PROCESS.

9. ON ARTICLE 11 PARA (4B), U.S. DEL REQUESTS ADVICE ON

EXTENT TO WHICH DEPT. PREPARED ACCEPT AUSTRALIAN AMBASSADOR'S
TEXT. (PARA 5 ABOVE), IN U.S. DEL'S JUDGEMENT MOST WE COULD
ACHIEVE IN TERMS OF A COMMON GROUP B POSITION WOULD BE DELETION
OF REFERENCE TO PRICE CHANGES. UNLESS DEPT. INSTRUCTS OTHER-
WISE, U.S. DEL WILL ACCEPT AUSTRALIAN TEXT BUT INSIST ON
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PAGE 05 VIENNA 02332 251554Z

THIS MINIMUM CHANGE.

10. PRESIDENTIAL NEGOTIATING GROUP (INCLUDING U.S.) CON-
VENED FOR 9:30 A.M. MONDAY BY CHAIRMAN OF IGC (MEHTA). STIBRAVY

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
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Sent Date: 25-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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